Secrl. II-37—100,000—21-5-48.

Ford

(1948) Department.

Ms. SERIES.

G.O. No.	387
Dated	30.4.1948

[Despatch Abstract.]

Civil Supplies - Groundnut kernel and Groundnut oil - Export outside India during 1947-48 - Share of Madras Province in the export trade. Correspondence with the Government of Inida - Papers recorded.

No.1-E.VI(41)/47
Government of India.
Office of the Chief Controller of Exports.
(Ministry of Commerce)

New Delhi, the 28th January, 1948.

From

The Chief Controller of Exports.

To

The Secretary to the Government of Madras,
Food Department, Fort St. George.
Madras.

Subject:- Allotment of supplementary quota of groundnuts and groundnut oil during 1947-48.

Sir,

With reference to your letter No.48226-H/47-12, dated the 6th January 1948, on the above subject, I have the honour to say that the distribution of the supplementary quotas of groundnuts and oil for 1947-48 for all countries except Burma and U.S.S.R. has been made and that the Export Trade Controllers have already been advised to issue licences to the allottees immediately.

2. The quantities of groundnuts and oil allowed for export from the various ports are stated below:-

Port.	Quantity in metric tons (One metric ton = 2205 lbs.)	
	Groundnuts.	Groundnut oil.
Bombay.	34,954.	13,299
Madras.	16,836	11,600
Calcutta.	2,678	1,876
Jamnagar.	950	584
Porbunder.	--	20
Okha.	--	-5
Bhavnagar.	--	859

3. I have, however, to add that the allocations of export quotas are not made on Provincial basis, but on the merits of each application received from all over the Indian Union, including the States.

I have the honour to be
Sir,
Your most obedient servant,
sd. . . . . .
Assistant Chief Controller,
for Chief Controller of Exports.

Food Department (F)

Letter No.49226-F/47-14 dated 26-2-1948.

To

The Secretary to the Government of India,
Ministry of Commerce,
New Delhi (with Encl).

Sir,

Sub:- C.S. - Groundnut and Groundnut Oil - Exports outside India - Grant of Licences - Share of Madras Province.

Ref:- From the Chief Controller of Exports, New Delhi letter No.1.E.VI(41)/47 dated 28th January 1948.

I am directed to refer to the letter from the Chief Controller of Exports cited (copy enclosed for your ready reference) and to say that it is observed from it that out of 69,121 tons of groundnut kernal and 37,165 tons of groundnut Oil for the export of which applications were called for in October last, Madras merchants have been granted licences for the export of only 16,836 tons of kernel and 11,600 tons of oil. This works out to nearly 24,35% and 31.21% of kernel and oil quotas respectively while Bombay merchants have been given a share of 57.71% and 35.78% in spite of the fact that Bombay is a deficit area in respect of groundnuts. In this connection, I am to point out also that in August-September last, when initial quotas for export were allotted, Madras was given only 20% of the groundnut quota and 28% of the oil quota. Even at that time this Government represented to the Government of India that this Province was not given the consideration to which it is entitled by virtue of its being the chief producer of groundnuts and oil. Since then representations were also made to the Government of India urging the need for a fairer deal in the subsequent allotment. This Government also understand that when their representative, Mr. C.V.Narasimhan, I.C.S., was at Delhi in October last, the Chief Controller of Exports assured him that Madras would be given due consideration when future allotments were made. This Government regret that they cannot help feeling that they have not had a fair deal in spite of the reasonableness of their cause and in spite of the assurances given by the Government of India about the matter.

The Chief Controller of Exports has explained that the allocation of quotas are made not on a Provincial basis but on merits of each of the applications received from all over the Indian Dominion including States. This Government would be glad to know the actual criterion which was adopted in the selection of merchants and the allocation of quotas in the present case.

I am to express the hope that the Government of India will make allotments to this Province at least in future in keeping with its place of primacy among the groundnut producing and crushing areas in this country.

Yours Obediently Servant,
sd. . . .
26-2-48

Copy to:-
The Secretary to the Govt. of India, Ministry of Food, New Delhi.
Chief Controller of Exports New Delhi.
Development Department.
Board of Revenue (C.S)

/True Copy/

No.D-1139-C.W./48.
Government of India.
Ministry of Commerce.

New Delhi, the 29th March 1948.

From

V.C.Trivedi, Esquire, M.A.(Cantab),
Deputy Secretary to the Government of India,

To

The Secretary to the Government of Madras,
Food Department, Fort St. George, Madras.

Subject:- Share of Madras Province in the export quota of groundnut and oil.

Sir,

With reference to your letter No.49226-F/47-14, dated the 26th February, 1948, on the subject mentioned above, I am directed to inform you that in the supplementary allotment of export quotas 56,418 tons kernel and 34,179 tons oil were distributed. The share of Madras Province is 16,836 tons kernal and 14,800 tons oil (including the quota recently released for Burma). This works out to nearly 30% and 43% of kernel and oil quotas respectively. These percentages are, however, misleading as even though big exporting houses like Rallis, Louis Dreyfus, East Asiatic and others, may have got quotas on their Bombay addresses, export would normally take place from Madras. Thus if statistics of shipment were produced it would be found that exports from Madras would be very much higher than indicated by the above percentages.

In regard to kernel it may be stated that the allotments were made in accordnace with the prescribed principles and no preference was given to any individual, firm or producing area. Quotas were granted on the basis of confirmed sales supplemented by Letters of Credit or guaranteed certificates from banks or officials of importing countries. Madras firms were however given a certain preference over others even though their evidences were not entirely satisfactory.

3. In regard to oil the Madras millers have been given a preferential treatment. In many cases they have been allotted quotas even though they failed to produce the necessary evidences. Out of the puotas allotted for crushers the Madras crushers got about 12700 tons, i.e. 71% of the total.

I have the honour to be,
Sir,
Your most obedient servant.
sd. V.C.Trivedi.

Deputy Secretary to the Government of India.

/True Copy/

The question under consideration in this file is regarding the grant of licences for the exports of Groundnut and Groundnut oil to places outside India during the Official year, 1947-48 and the share of Madras Province in the export trade.

For the Officeal year 1947-48, the Govt. of India allotted a quota (International Emergency Food Council quota) of about 1,10,000 tons of groundnut kernal and 76,000 tons of groundnut oil for export to overseas markets. Out of these export quotas, India granted licences for about 50,000 tons of kernel and 22,000 tons of oil representing nearly 40% of the overseas quotas in Agugust and September, 1947, reserving the balance of 60% to be exported at a later date. Representations were received from the merchants of this Province including the South India Oil Mill owners' Association, Madras, that the Madras Province in spite of its being the major groundnut and groundnut oil producing area, has been allotted only 20% of the 40% of the I.E.F.C. overseas export quotas, as against Bombay's share of 70% and Calcutta's share of 10% which two latter areas are usually classified as deficit areas, in respect of production of these commodities and that this Government should move the Government of India that at least when the export of balance of 60% is allowed a larger share not less than 75% should be allotted to Madras. The statements of the South India oil Mill Owners' Association were verified by obtaining a list of persons to whom and the quantities for which export licences were granted. It was found that in respect of groundnuts Bombay got 60% and Calcutta 6% while Madras got only 20% This disproportionate allotment to Madras far below the level than that which its production warrants was pointed out to tne Government of India and the Chief Controller of Exports. It was also pointed out to them in October last, that there was absolutely no demand for oil in Madras and that about 25,000 tons of oil which was surplus to the Province and India might be allowed to go out of the Country in addition to the I.E.F.C. quotas already fixed and that the crushers might be allowed to export oil to any destination outside India. The Deputy Secretary of this Department also personally represented to the Joint Secretary to the Government of India, Ministry of Food, that there was a slump in the oil market in Madras which had already been hit hard because in the previous lot of export licences, Madras had been treated very unfairly and requested him to take immediate action to license the balance of 60% of the export quotas. The Dy. Secretary also discussed the question whith the Chief Controller of Exports. He complained to him about the unfair way in which permits for export of groundnuts and groundnut oil had been issued in regard to the initial 40% quotas that had been licensed for exports. The Chief Controller of Exports agreed with the Dy. Secretary that it was a fact that Madras had been unfairly treated but he put the blame on he previous Commerce Member who is now a member of the Govt. of Pakistan. The Chief Controller of Exports promised that in future he would see that Madras got a fair deal and he also said that a percentage of the quota had been reserved for the millers and he would see that the millers got a fair share. As a result of the representations of the D-S., the Govt. of India called for applications in October last, for the export of the balance of 60% of the export quotas, namely 69.121 tons of groundnut kernel and 37,165 tons of groundnut oil. India also stated that the accumulated stocks of oil in the Madras Province was due to delay in the finalization of export procedure etc., and that the licences were expected to be issued by 15-12-47. If a fair share of the export quota is allotted to Madras, it may help to clear the accumulated stock with the Madras Mills. To ascertain the proportion of the export quotas allotted to the province the Chief Controller of Exports was requested to furnish the details of the tonnage of groundnut kernel and oil, allotted to this province, out of this quota. In his reply at page 165 cf. he has stated that the distribution of the Supplementary quotas of g. nuts and oil for 1947-48, for all countries expect Burma and U.S.S.R., has been made and the export trade Controllers have already been advised to issue licences to the allottees immediately. The following are the quantities of groundnut kernal and oil allowed for export from the Ports of Bombay, Madras and Calcutta.

P.T.O.

Port.	Quantity in metric tons. Ground nuts.	%	G.Oil.	%
Bombay	34,954	57.71	13,299	35.78
Madras.	16,836	24.35	11,600	31.21
Calcutta.	2,678	3.87	1,876	5.04

(note):(One Metric Ton: 2205 lbs)

He has added that the allocation of export quotas are not made on provincial ~~bais~~ basis but on the merits of each application received from all over the India Dominion including States.

This time Madras has been allotted only 24.35 and 31.21 percent of groundnuts and oil quotas respectively as against 57.71 and 35.78 percent allotted to Bombay. Though the percentage allotted to this province now is slightly higher than that of the initial allotment, yet it is ridiculously low and this province has again been neglected. All the promises of the Govt. of India and the Chief Controller of Exports to give a fair treatment to this Province have not been kept up and the Bombay Province which is a deficit area has again been treated preferentially. The requests of this Govt. to India to allot export quotas on the basis of provincial production have fallen flat. The Chief Controller of Exports has explained away this proportinate allotment as due to the treatment of applications on their merits. It is not clear as to what greater merits the applications ~~on their merits.--It is not clear as to~~ from Bombay possess than those from Madras.

In the circumstances it is for orders whether the Chief Controller of Exports may be asked through it appears too late and would not seem to yield fruitful results to revise the allotments and give Madras its due share or the matter will be dropped. It is also for orders whether the draft letter to the South India Oil Mill Owners' Association below, which has been awaiting the reply of the Govt. of India need issue at this distance of time and also in view of the fact that India have ~~so-evidently~~ stated that merits ~~eb~~ alone was the prime consideration.

(It is likely that for the next year, the Government of India will change the export procedure and they may take to State Trading, which is already under their consideration)

Dev. may see.
x x x
4-2-48.

It is very necessary that we should strongly protest against this unfair treatment. We should try to ascertan the actual ~~te~~ test applied in the selection of merchants or allotment of quotas

xx .xx
6-2-48

Development.

(This Department last saw the case on p.5 above.)

Food departments' notes from p.25 above may be perused. The suggestion at 'B' on p.27 above may be agreed to and the case returned to Food Department

The slump in oil that will be brought about by the discriminatory treatment of the Government of India will cripple the crushing industry and will make the bussiness uneconomic. Mills are said to be working now at less than 50% capacity and if this is still further affected, the production of oilcake will fall lower. There will be hopeless inflation in the price of 40% of production which has decontrolled and agre production will be directly hit

G.O.F.

The Director of Agriculture told the ~~Government~~ conference on 4-2-48 that unless the application of manure is continued, the use of improved seeds might even depress yield and the targets of production can ~~not~~ be reached. Apart from agriculture production business conditions will deteriate and the receipts from sales tax will fall.

Food may be ~~resug-~~ requested to circulate the case to H.M.(Ind.) and H.M.(Agri). The favouritism for Bombay deserve to be tackled at the highest level.

C.P.G.
13-2-48

I do not share AS's pessimion as permit holder will ~~tak~~ take on oil for export. On merits ~~and the~~ time the light of of the Government of India's policy, our case is weak. Like us, ~~they~~ they two are fond of the established trade. Pre-war, when foreign markets were not attractive, our produces were content with sale to exporters, who ~~then~~ acquired the right to export. It is the attractiveness of foreign prices that ~~many~~ our produces to agitate for export rights. Our case should therefore be that we are the main producers and that we should get ex~~port~~ quotas in proportion to production.

x x
14-2-48

FOOD DEPARTMENT.

Notes of the Development Department at pp.28-29 above may be perused. with reference to the orders of the secretary at'B' on p.27 ante, a draft concideration also for orders as to circulation to H.M.(Food) H;M(Ind.) and H.M.(Agri).

xx x
18-2-48

The draft below may be approved.
x x x
20-2-48

T.S.R. sd. 24-2-48 M.M.(Food)
K.M. sd. 25-2-48 H:M (Ind.)
sd. 2662448 H.M.(Agri)

Issued as letter No. 9226 F/47-1 dated 26-2-48 From the Govt. of India Ministry of Commerce letter No.108 CW(16)/47 dated 16-3-1948.

In the letter at pp.167-168 cf. this Government lodged a protest to the Government of India regarding disproportionate share allotted to this Province in the grant of permits for the export of groundnuts and groundnut oil to places outside India. It was expected that India will give a reply to that letter. But after 3 weeks since that letter was sent they have simply acknowledged the receipt of the letter. Presumably they do not want to give a reply. For orders whether the file may be closed at this stage or India may be remined for a reply.
x x x
20-3- A D.O. reply may be sent. Please put up draft.
x x x
21-3-48

With reference to orders above a draft D.O. ~~is~~ submitted for approval. Attention is invited to the letter of the Chief Controller of Exports at p.173 cf. since received. He has intimated to this Government the quotas of groundnut oil allotted for export from the various ports of India to Burma, against the allottment ~~of~~ for 1947-48. When quotas

were fixed for ~~th~~ all the sther conntries during 1947, quotas for Burma and U.S.S.R alone were not fixed. Now allottment for Burma alone ~~is~~ announced. It may be noted that the quantity fixed for export through Madras Port is the maximum No action seems necessary on this letter.

x x
24-3-48

Development may see.

xx xx
24-3-48

Issued as D.O.No.49226-F/47-15 dated 25-3-48.

DEVELOPMENT DEPT.

(This Department last saw the case on pp.28-29 above)

Further notes of the Food Department on pp.29-~~3~~48 above may be perused and the case returned to Food.

xx xx 31-3-48

Seen thanks. Food may kindly prepare a statement showing the entire export allocations for 1947-48 by ports. This will be useful to us in any further correspondence with India. Personally I see no justification at all for any exports of oil being allowed to Burma from Bombay port.

x x
31-3-48

BOOD DEPARTMENT

(From Government of India Ministry of Commerce, letter No.O-1139-CW/48 dated 29-3-38)

Please see the letter of the Ministry of Commerce, India at p.177 cf received in reply to the letter at pp.169-170. In the circumstances explained therein, no further action seems necessary in the matter. The question has become old and it is understood that the allotment of quotas for the current year is engaging the attention of the Government of India. It is proposed in another file to send to India a request in advance, urging for better treatment of the millers and merchants of this province this time.

It may be pointed out that India have stated in para 1 of their letter at p.177 cf. that in the supplementary allotment of export quotas for 1947, 56,418 tons of Kernel were distributed. Fee- But from one of their previous tons have been distributed. It is not clear which is the correct figure. It does not appear necessary to obtain clarification from India in this regard.

In his notes above, the Deputy Secretary Development desires that a statement showing the entire export allocations for 1947-48 by ports may see be prepared. It is not clear whether the statement should be in the form of those at pp.69-75 106-129 and 159 cf. as furnished by the E.T.C.S. Madras. Bombay and Calcutta, or in the form furnished by India in their letter at pp.165 and 173cf. Presumbly the Deputy Secretary desires the statement to be in the letter from which is clear and concise. The statement will be prepared after orders are passed on this point.

Obviously putup the statement.

After orders are passed the file may be sent tto Development for the perusal of India letter at 177.

Resubmitted with the statement referred to above.

Submitted with reference to his orders, on p.179

xx xx
8-4-48

Seen. Our protest seems to have had some effect, though not to the extent desired.

xx xx
14-4-48

DEVELOPMENT DEPARTMENT.

(This Department last saw the case on pp.30-31 above)

Further notes of the Food Department on pp.31-32 and the case returned to food Department.

xx xx
20-4-48

FOOD DEPARTMENT.

Please see the notes of Development at the Bottom of p.32 above.

No further action seems necessary in this file. The papers may be recorded as a MS. G.O. for orders.

xx xx
29-4-48

G.O.Ms.No.387 Food dated 30-4-1948.

C.S. Groundnut Kernel and Groundnut oil Export outside India during 1947-48 - Share of Madras Province in the export trade - Correspondence with Government of India Papers recorded.

/True Copy/

R. Thiagarajan
1.3.56
Office Assistant,
MADRAS RECORD OFFICE.

GK.